

GENERAL AGREEMENT ON

CONFIDENTIAL

TEX.SB/W/532*

21 September 1990

TARIFFS AND TRADE

Textiles Surveillance Body

DRAFT REPORT OF THE SEVENTH MEETING (1990)¹

1. The Textiles Surveillance Body held its seventh meeting of 1990 on 13-14 September.
2. Ambassador Kartadjoemena appointed Mr. Merlyn Kasimir (Malaysia) to succeed Mr. Phamy as his alternate.
3. Present at this meeting were the following members and/or alternates: Messrs. Boisson, Castro, Elker, Gero, Ishimaru, Kasimir, Lau, Patek/Luotonen, Ms. Rosa and Mr. Shepherd.
4. The report of the sixth meeting of 1990 has been circulated in COM.TEX/SB/1548.

Matter referred under Article 11:4, 11:5 and paragraph 18 of the 1986 Protocol

Malaysia/EEC

5. The TSB received a notification from Malaysia under Article 11, paragraphs 4 and 5, and paragraph 18 of the 1986 Protocol of Extension, in which Malaysia asked the Body to review difficulties encountered because of recategorization of ensemble items under its agreement with the EEC, which were left unresolved after consultations requested by Malaysia.

¹Two hundred and fifty-third meeting overall

* English only/Anglais seulement/Inglés solamente

6. The TSB heard presentations from delegations of both parties and understood that the recategorization had taken place with the implementation of the Harmonized System by the EEC. According to the Malaysian delegation, such difficulties arose from the recategorization by the EEC of ensemble items in the bilateral agreement. According to the EEC delegation, the recategorization by the Community since 1 January 1988 had been in strict accordance with the Harmonized System.

7. During its review, the TSB bore in mind the relevant provisions of the bilateral agreement and paid particular attention to paragraph 18 of the Protocol of Extension. It noted that both parties were members of the Customs Cooperation Council, and understood that during the negotiation of the agreement in 1986, they had recognized that changes could arise in classification as a result of the entry into force of the Harmonized System on 1 January 1988.

8. The TSB concluded that both parties accepted the definition of the products in question under the Harmonized System and recommended that, in consultations, the parties:

- (i) identify the trade affected by the recategorization;
- (ii) bear in mind that no adjustments took place in 1988 and 1989;
- (iii) seek appropriate and equitable adjustments for the 1990 and 1991 agreement years.

Notifications under Article 4

EEC/Pakistan

9. The TSB received a notification from the EEC of a further modification of its bilateral agreement with Pakistan. A restraint at the Community level was agreed on imports of women's dresses (Category 26) for the period 23 March 1990 to 31 December 1991.

10. The base-level was set higher than the basket exit level taking into account the recent development of trade. The growth rate was set at 6 per cent. Swing, carryover and carry forward were available at 7, and 7 plus 5 per cent respectively, with the cumulative use of flexibility limited to 17 per cent.

11. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1551).

Canada/Indonesia

12. The TSB received a notification from Canada of an amendment of its bilateral agreement with Indonesia scheduled to expire on 31 December 1991.

13. Under this amendment:

- a) two product categories were merged and their restraint levels adjusted for the last two agreement years, in order to deal with overshipments which had taken place;
- b) the two parties agreed to cooperate in order to deal with problems which may have resulted from over-allocation of quotas, or from export licenses issued fraudulently.

14. The TSB recalled its general observation on overshipments in which it "urged participants to cooperate and take necessary steps to ensure that overshipments would not occur."¹

15. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1552).

¹COM.TEX/SB/1421

Canada/Pakistan

16. The TSB began its review of a notification received from Canada of an amendment of its agreement with Pakistan.